
Arizona School Boards Association

— Volkswagen Settlement —
July 10, 2018

Background

VW entered into settlement with USDOJ in 2016 to resolve Clean Air Act violations due to the automaker's use of software to cheat emissions standards

Settlement established \$2.7 billion Environmental Mitigation Trust for states to use on activities to offset excessive emissions; Arizona's share is \$57 million

Provisions of the trust limit spending to replacing or repowering eligible large trucks, buses, and other vehicles with new diesel, alt fuel or all-electric engines

Governor Ducey has allocated \$38 million of the VW air quality mitigation funds to purchase school buses

Anticipated Timeline

October 2, 2017 – Trust effective date established

November 2017 – State applies for beneficiary status

January 30, 2018 – Beneficiary status approved

June 7, 2018 – State submits the mitigation plan

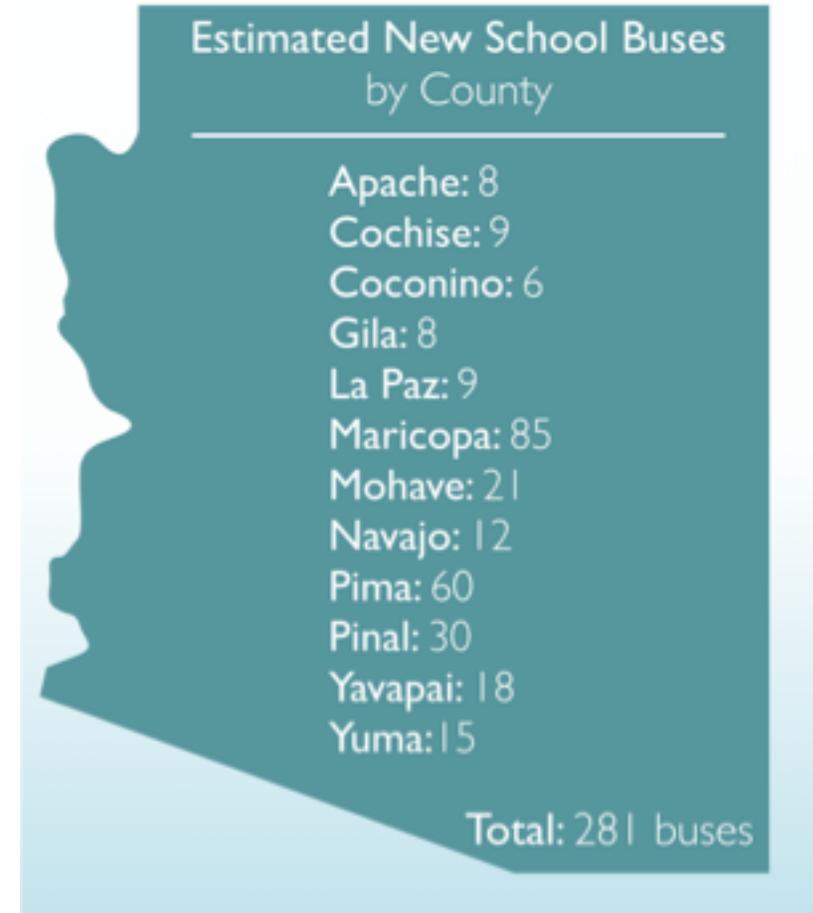
August of 2018 – Trustee approves/denies mitigation plan

September of 2018 – Funds available. State begins accepting applications for funding.

School district eligibility

The funding will be allocated to school districts in which at least 60% of students are eligible for free or reduced-price lunch to replace qualifying diesel school buses that are at least 15 years old and have over 100,000 miles.

The number of buses replaced will be limited to 10% of each districts' bus fleet, with a minimum of one bus per district, and is expected to total over 280 buses statewide.



Eligible Activities

Repower or Replace:

Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses)

Eligible Buses include those that are at least 15 years old and have over 100,000 miles.

Buses may be replaced by either diesel or alt-fuel (gasoline replacements are not eligible)

Vehicle Disposition (Scrapping)

The Beneficiary Agreement defines Scrapped:

Repower: “Shall mean to render inoperable and available for recycle, and, at a minimum, to specifically cut a 3-inch hole in the engine block for all engines.”

Replace: “If any eligible vehicle will be replaced as part of an eligible project, Scrapped shall also include the disabling of the chassis by cutting the vehicle's frame rails completely in half.”

Available Funding

Individual districts could receive either:

1. Up to \$110,000 per bus to purchase new diesel school buses; or
2. Up to \$135,000 per bus to purchase alternative fuel school buses.

Funding will be disbursed to the school district directly through an Intergovernmental Services Agreement and not to the vendor/supplier.

Procurement Process

GFR recommends that award recipients use a procurement vehicle such as the Mohave Cooperative to procure services

The Mohave Cooperative complies with state procurement rules

The Mohave Cooperative includes three Arizona school bus sales and service providers: Auto Safety House (ASH); Canyon State Bus Sales and RWC Group

Contact information for the Mohave Cooperative: 928.753.6945;

www.mesc.org

Arizona State Procurement Office: spo.az.gov

Grant Process

- Once the Trustee approves the state's mitigation plan, the Office of Grants and Federal Resources will publish the grant process
 - Applicants will be required to apply through the state's online grant management system, eCivis
 - Districts will be required to demonstrate Title 1 status (if not currently listed by the Arizona Department of Education) and the size of their current bus fleets
 - Districts will provide information on buses to be replaced along with information on new purchases (including alt-fuel information)
 - Districts will have to document process for scrapping old vehicles
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Next Steps

- Office of Grants and Federal Resources (GFR) will provide a list of eligible school districts as determined by the Governor's Office
 - GFR will provide trainings on the eCivis grants management system via WebEx and in person (3-4 throughout the state)
 - Once the Trustee has approved the state's plan, GFR will notify eligible school districts that the application is open
 - GFR will provide ongoing support and technical assistance
 - **All transactions must occur by June 30, 2020**
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We are here to help!

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VWSettlement.AZ.GOV

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